

# Investor's Reader

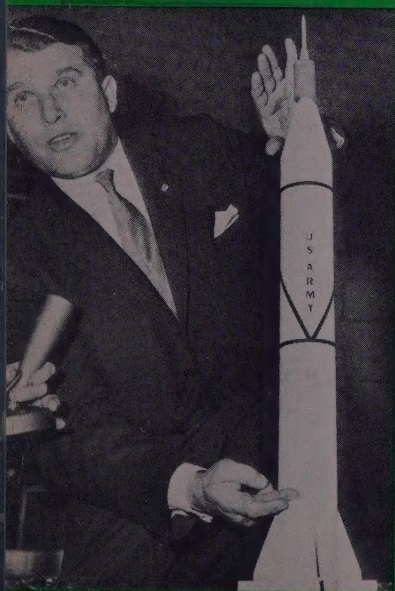
May 13, 1959

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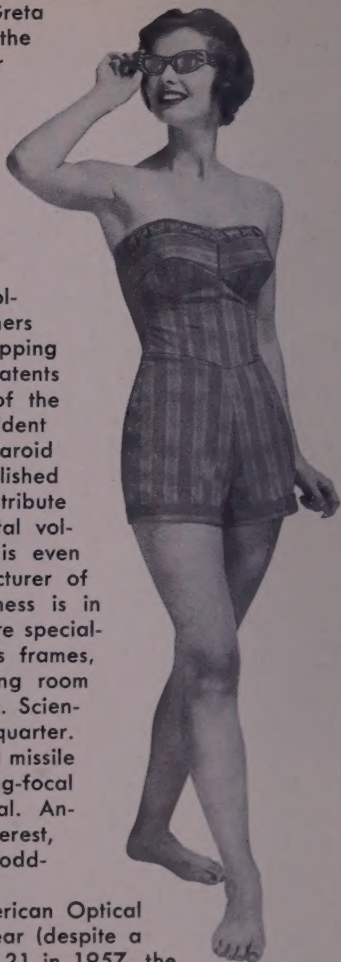
THE SCIENTIST AND THE GENERAL AT REDSTONE (see page 1)

## OPTICAL EYE CATCHER

This is National Sunglass Month and though still a bit early for beach basking in most of the land, this American Optical Company-sponsored bather bravely demonstrates her Cari Michelle sun goggles can be as much a part of beach fashions as swimsuits. Sunglasses first came into their own when Greta Garbo established them as the mark of the glamor queen incognito, received another big boost when their popularity with Air Force pilots and athletes made them fashionable for men. Now sales largely continue to trend upward with the rise in population. Thus sunglasses have grown into a \$75-to-100,000,000-a-year business.

One of the big beneficiaries of this trend is American Optical subsidiary Cool-Ray Inc which produces the glare dimmers under an exclusive license from fast-stepping Polaroid Corp (the light-polarizing lens patents stem from one of the first inventions of the "picture-in-a-minute" firm's founder-president Edwin Land). Cool-Ray makes three Polaroid sunglass lines plus its own ground and polished goggles. While sun & safety glasses contribute roughly 25% of American Optical's total volume, the Southbridge, Mass company is even more prominent as the largest manufacturer of eyeglasses in the world. Half its business is in optical lenses (for distribution by eye care specialists) and other ophthalmic lines such as frames, artificial eyes, eyeglass cases, dispensing room equipment, ocular correction devices, etc. Scientific instruments make up the final quarter. Among these scientific devices are optical missile tracking systems including a special long-focal length tracking telescope for Canaveral. Another optical facet: with a 40% interest, American Optical is the "AO" in the Todd-AO motion picture projection system.

Although the recession refracted American Optical earnings down to \$2.09 a share last year (despite a record \$79,300,000 volume) against \$3.21 in 1957, the optician made a strong recovery in the first 1959 quarter with net figured at 80% above the 51¢ a share earned in the first quarter last year.





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No 10, Vol 32

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## ***Big Nest for Army Space Birds***

Way Down South the  
Redstone Arsenal Orbits  
With Brains and Vision

**T**HE TWO-STAR General intent-ly watched the far-away test stand through the Venetian blinds of his office. As the roar increased it shook the pictures on the wall, the floor quivered. Handsome, moustached Maj Gen John Bruce Medaris (see cover) turned to his visitors with a satisfied grin: "A good run. About 140 seconds with a new liquid fuel for our Jupiter. Tremendous thrust."

General Medaris is top boss of the US Army's biggest nest for rockets, missiles and space craft. The nest is Redstone Arsenal which sprawls over 40,000 acres in northern Alabama just outside the bursting town of Huntsville (pop 60,000 or four times 1950). Redstone is HQ for the Army Ordnance Missile Command (AOMC for short) which includes the Ballistic Missile

Agency, the Rocket & Guided Missile Agency, the White Sands (NM) Missile Range plus outposts at Cape Canaveral and the Vandenberg Missile Range in California.

In the current fiscal year which ends June 30, more than \$2 billion will pour through Redstone—a figure which can be compared to total sales of a manufacturer. In the year to end June 1960 the budget is \$1.7 billion. General Medaris points out the cutback in "sales" means less routine production work but the all-important "R&D" (research & development) probably will reach new records.

Unlike most active major generals, Medaris was an independent businessman for ten years in retail trade and management advisory work. Hence he keeps accurate count of the billions of taxpayer money at his command. On hand he has charts and tables to show 89% of all AOMC funds go back to private

industry in the form of R&D contracts, pilot projects or production orders. Much of the 11% "house money" also gets back to private industry for supplies, services, etc.

**Scientific Base.** The General's whole command has 25,000 employees, a few of whom work in such distant places as Alaska, Mozambique, Zululand. Redstone is core of the operation and the arsenal has 22,000 employees of whom—surprisingly enough—17,500 are civilians.

Among these civilians are 110 of the brightest, most dedicated astroscintists and engineers to be found anywhere on earth. Head of the team is the noted Dr Wernher von Braun who once directed the Nazi Peenemuende Rocket Center. Near the end of War II he led more than 100 of his fellow scientists through the lines to join the Allies. In 1945 the group went to Fort Bliss, Texas and in 1950 to Redstone. A big day in Huntsville was April 14, 1955 when the youthful von Braun (he is 47) and 102 colleagues took the

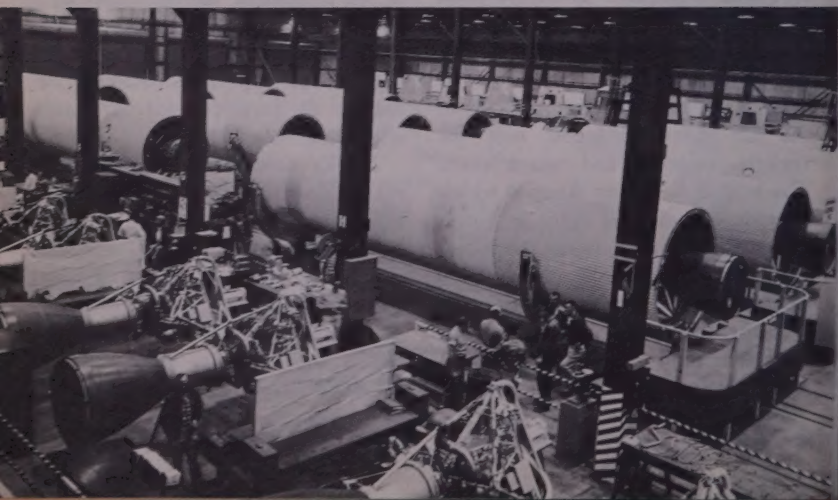
oath of United States citizenship.

As "Director of Development" Dr von Braun gets much credit for a series of missile records which is the envy of the other military services. For instance the Nike-Ajax anti-aircraft missile system was the first to be really worked; the sharp-nosed Ajax has guarded many US cities (New York, Chicago, Detroit) since 1953. Then came the Nike-Hercules to knock down supersonic bombers. Today thousands think and work on the Nike-Zeus, an anti-missile missile.

Redstone almost burst at its gates (there are seven) on January 31, 1958 when its Jupiter C missile carried the Explorer I into orbit—the first satellite for the Free World. Since then a "booster" called the Juno II has carried dozens of research projects into space. In the future, Redstone, Jupiter and other Army vehicles will work in man-into-space Project Mercury.

Among other Redstone-bred missiles is the 30-foot Sergeant which

**Big Jupiters at Redstone (note men in foreground)**





can carry an atomic warhead, the 62-foot Redstone which is deadly accurate up to 200 miles, the agile 17-foot Hawk which can be lugged on a truck, the 12-foot Little John which can replace heavy artillery, the somewhat similar Honest John and the mobile Lacrosse which does the work of a 105mm howitzer.

**Contented Scientists.** With these achievements on the record, many people wonder how General Medaris holds his talented scientists—especially since nobody at Redstone gets more than \$17,500 a year.

The General thoughtfully puffed on a Tareyton and said: "It's true we could be raided by private companies who can pay more. This is especially so because this space business is very exciting and everyone wants to get into it. But our men don't have to scrape for nickels and they can do almost anything they want. There are no limits on their imagination and we always have the challenge."

The challenge would stagger an ordinary citizen. One colonel put it this way: "How can we detect and destroy an unknown object whamming through space at 3,000 mph and 18 miles up?" This happens to be a rough description of the Zeus anti-missile which has already reached the prototype stage.

General Medaris describes the job "first invent, then maintain and supply." Behind this is an incredible amount of thought and work. The Nike-Hercules has 1,450,000 parts and each must go through a long series of test and evaluation. There are R&D tests, engineering

tests, flight tests and user tests. A rocket or missile may be a great performer until it proves too intricate for GI Joe to handle or gets electronic indigestion after jolts on an Army truck. It may work like a dream in Winter and merely sizzle on its pad in Summer. Says the General: "We gotta make sure it will perform right every time anywhere and at the exact second."

From generals to privates, Redstone personnel is aware the job would be almost impossible without the help of thousands of outside suppliers. Redstone hands orders to 4,500 different companies each year including big-timers like Western Electric (Telephone's baby), North American Aviation, Chrysler (see page 4), Reynolds Metals, Sperry-Rand, Douglas Aircraft, Three-M and Alcoa. Some large suppliers have plants right in the arsenal. Two examples are Thiokol Chemical with \$8,000,000 annual payroll and Rohm & Haas with \$1,390,000. Among hundreds of smaller helpers: Chicago's Cook Research Labs (recovery experiment) and Cincinnati Test Labs (missile coatings).

**Scientific Speed.** Aside from its inherent complexity, the task is further complicated by an ever-present factor—swift obsolescence in today's cold war. The Jupiter has barely reached peak production (at Chrysler) but is already a missile antique. In late March, for instance, Defense Secretary Neil McElroy said he was trying to sell some Jupiters to NATO allies—so far, only the Italians have bought. Hence the Jupiter production line in Redstone

(see picture, pg 2) and elsewhere will slow down and make way for newer "birds."

The Army is understandably reluctant to talk about future missiles but at least one is in the open. This is the mighty Saturn whose eight engines will develop 1,500,000 pounds thrust and whose weight will make the 60-ton Jupiter seem puny. At Redstone last week scores of workmen were "beefing up" a 15-story stand to test the Saturn. Part of the beef is 6,400,000 pounds of concrete to help hold the rocket on the ground. This and other construction jobs will cost Redstone over \$50,000,000 this fiscal year.

From one point of view, General Medaris has an ideal arrangement—he has no credit problem, no sales problems and only three customers, the US Army, the Advanced Research Projects Agency and the National Aeronautics & Space Administration. But behind these three customers is the vast and often incomprehensible world of politics, local, state, national and global.

At present the worst problem to General Medaris and all others in his sphere is the lack of a national coordinated, overall long - range missile & space program. The questions are many and could hold the future of the whole world.

What does the US want to do—

- Should we prepare only to meet a military threat?
- Do we want to patrol space?
- Do we want to occupy a planet?
- Do we want to occupy space?

While our nation is still free it is time to decide.

## Chrysler Rocketry Shows Case History in Ballistic Business

**A**NY WAY you look at it, missiles are big business. The Page 1 report on Redstone Arsenal, only one segment of the space program, hints just how big. So does the case history of one of Huntsville's closest corporate cooperators: Chrysler Corp, prime contractor for the Redstone and the Jupiter.

As noted in the automaker's 1958 annual report "participation in military projects accounted for 15% [\$325,000,000] of the company's sales during the year. At the 1958 year-end the backlog of defense business was in excess of \$300,000,000." Chrysler's third-of-a-billion defense volume alone was higher than the total sales of all but 129 US corporations last year.

Chrysler supplies Uncle Sam with tanks (like the medium M48A2), trucks, fire control apparatus, etc but Defense & Special Products group vp Thomas Morrow admits "a major share" of the hefty military tally comes from missile billings. As the big unmanned birds have moved to a production basis, sales have catapulted; in 1957 Chrysler defense volume was only \$125,000,000 or 3% of sales.

Profits on the company's military work are not revealed separately because of company financial policy. However, as much of the work is on a cost-plus basis, earnings are figured to be satisfactory. Missileman Morrow explains: "We have not yet arrived at the point where we can establish a price on the large ballis-



tic missiles. In this business there is no such thing as a locked-up model design; we have to be prepared for engineering changes that can be and are wired from Huntsville day & night as results of firings indicate areas in which further improvements can be made."

All told, Chrysler missile activities take up the time and talents of some 10,000 workers in the Midwest, South and Southwest. The main installation in Detroit is "the most integrated missile plant in the Free World," covers more than 2,000,000 square feet, requisitions 50,000 items from 24,000 suppliers.

**Redstone Reward.** Chrysler first turned its attention to missiles in 1952 after being a military supplier in both War II and the Korean conflict. Chronicles Tom Morrow: "The Army was looking for a high volume, low cost producer for the Redstone. We had experience in aluminum airframes, precision parts, gyroscopes and fire control electronics. They asked us to take it on. We sent 26 of our top engineering people to be trained at the arsenal. By rotating assignments, they learned the engineering elements of missileery. Then they came back and taught other personnel. We kept making more & more parts of the missile; soon we were making the missile."

Tom Morrow continues: "We had worked closely with the Army. When the need for a 1,500-mile IRBM became apparent, the Redstone had already hung up a good reliability record and the Army selected Chrysler to produce the Jupiter." One big advantage of the interrelated pro-



*The path of a Pioneer*

WIDE WORLD

gram: Jupiter parts were often test-flown on modified Redstones to shorten lead time on development of the bigger missile.

The company's time and efforts have paid off in the records racked up by the birds. Tom Morrow calculates: "41 Redstones have been fired, 6 Jupiter Cs [souped-up Redstones] and 15 Jupiters and the reliability record to date is somewhat in excess of 90%. Three production line tactical Jupiters have been fired so far and all three firings were successful."

Even more outstanding are the

missiles' space feats. The first US satellite to be launched successfully, Explorer I, was boosted into orbit by a Jupiter C; Pioneer moon shots blast away from earth via Jupiters. Tom Morrow smiles proudly: "I hope there's something whirling around the sun right now with Chrysler's name on it." He adds: "The state of the art changes so quickly, we could upgrade the Redstone or the Jupiter considerably."

**Solid Headaches.** This fast changing state of the art presents problems as well as promise to Chrysler. Present contracts for the Redstone and Jupiter run through the 1960 calendar year. What happens after that is "not clear because Government funding is on a yearly basis." The 49-year-old missile planner admits: "In the fast moving technology of missiles you live with phase-out of one state of the art in favor of a newer development."

For example liquid-fueled space travelers have already been challenged on the drawing boards of the Pentagon by sophisticated solid-fueled weapons with intercontinental potential. Tom Morrow reports: "Although we do not have any solid propellents contracts, we are working hard on our own." Chrysler is also at work with the Army on "something" for Project Mercury's man-in-space thrust.

However, Chrysler is not exclusively Army oriented. "We intend to serve all the services as we did in War II and Korea." Chrysler seeks important contracts for the Navy's proposed Point Argello Pacific missile range, the Navy version of the

Army's White Sands Proving Ground and the Air Force's Cape Canaveral.

Nearer to the ground, Chrysler has hopes for a flying aerial research vehicle on which it is currently doing work for the Army. The vehicle has no wings, is powered by ducted fans. The vehicle is expected to be able to fly at 50 mph at tree-top levels or higher, perform all sorts of transport and combat reconnaissance missions, also fire missiles. Commercially, it could be used by police, utilities, etc—"even by motorists on parkways coming into New York."

Although Chrysler space technology draws on the company's general engineering division, its space work steers clear of the company's primary automotive products (unless you want to consider the potential flying parkway-hopper). Fortunately for both Chrysler and country, the missile program was thus able to boom ahead even while the auto assembly lines slowed last year for dearth of car buyers, this Winter for lack of glass during the 134-day strike at key supplier Pittsburgh Plate Glass.

But despite the severe glass strike damage, the No 3 automaker did surprisingly well in the first quarter. On volume of \$691,000,000 it rolled up earnings of \$1.75 a share in the first three months, better than those of any quarter in 1958. And Chrysler president Lester Lum ("Tex") Colbert projects: "Production on the scale now programmed for the second quarter would result in considerably improved earnings over those for the first quarter."



## **BUSINESS AT WORK**

### **WALL STREET**

#### **How to Make a Fortune**

**I**N THAT wonderful year of opportunity 1934, a Philadelphia stock broker was desperately trying to sell a small block of stock. After a long sales pitch one of his customers said: "All right, all right—I'll take 100 shares off your hands." The transaction was 100 shares of Minneapolis-Honeywell Regulator at 40 or \$4,000.

The customer still has the stock which has grown through splits into 2,400 shares worth \$325,000.

### **TOBACCO**

#### **Consolidated Gains**

**T**HE FAR-FLUNG operations of Consolidated Cigar Corp (ten plants in the US, three in Puerto Rico, one in Canada) paid off with a record first quarter atop a record 1958. Volume for the quarter rose 9% over the same 1958 period to \$18,160,000 while profits puffed up to \$580,000 (76¢ a share) compared with \$536,000 (69¢).

Consolidated which now produces close to a billion cigars annually expanded its business about 20% in 1956 through the \$4,650,000 purchase of cigaret-stressing P Lorillard Company's cigar business. Puffing happily on one of his Lorillard-acquired lower-priced stogies president Samuel Joshua Silberman last week relaxed in his office two blocks from Times Square and stated: "This division is doing well. Its brands are growing in popularity. Previously we were mainly in the

premium price field [Dutch Masters and El Productos sell at 15¢]. We have now taken a larger share of the low-price trade with the 5¢ Headline and the 10¢ Muriel."

To capitalize on its new brands and the current popularity of small stogies, the 40-year-old concern recently introduced a miniature version of the Muriel—the 5¢ Coronella. However it has not entered the even smaller cigaret-sized cigars; "Buddy" Silberman believes this is fundamentally a cigaret company's business.

Consolidated is also alert to other cigar industry trends such as the "homogenized" binders developed by General Cigar. Consolidated took out a licensing agreement on a royalty basis and in 1957 expanded its main plant at Glastonbury, Conn to produce the blended binders. This plant is "now operating at full capacity and 50-to-65% of our cigar fillers are wrapped by the homogenized binder."

The process grinds the whole tobacco leaf including the stem into sheets. Since all raw material is utilized, savings have been as high as \$4 on every 1000 cigars, yet smokers are said to obtain a binder of more uniform quality. Although the cost-cutting advantages "will go on to some extent" as a still larger portion of Consolidated output is homogenized, the resultant earnings improvement "won't be as dramatic as in the past."

**South & North.** Another profitable Consolidated move is produc-



**Silberman and Muriel**

tion in Puerto Rico. Operations began in 1952 and "over a tenth of our cigars are manufactured there." Aside from the benefits of low-cost production in the efficient new plant, Puerto Rican earnings are tax-free as long as the funds are not withdrawn to the US. This tax exemption expires in 1962. Chief Silberman "hopes to have an additional factory with a comparable tax feature in operation by then."

Expansion is also slated for Montreal-based H Simon & Sons which Consolidated acquired last Spring. Simon makes the Canadian version of El Producto. Its profits rose 7% to \$120,000 last year. They were included in parent Consolidated's 1958 report, a neat, cigar-studded booklet which listed total volume up 7% over 1957 to \$82,200,000 and profits at \$3,648,000 (\$5.08 a share) compared with \$3,037,000 or \$4.24 the year before. With the successful first quarter already on the books,

president Silberman "thinks 1959 will be a good year. I am much more enthusiastic than I was last year at this time."

Consolidated is still mainly a family organization. Buddy Silberman was preceded as president by his father; his brother Marvin is board chairman; the \$61,000,000-assets firm was founded by the boys' grandfather. Over one-fourth of the 653,000 shares are closely held.

The Silbermans and their fellow stockholders have done well. Adjusted for a 33 $\frac{1}{3}$ % stock dividend in late 1957, last year's \$2 cash payout just about doubled 1957's \$1.02 $\frac{1}{2}$ . Furthermore the quarterly stipend was raised a dime to 45¢ effective last October and supplemented by a 40¢ year-end extra. Should a similar extra be granted this year, total 1959 payments would rise to \$2.20. This would provide a respectable 4% yield even though the stock is selling at an alltime high of 55 on the Big Board.

## AMUSEMENTS

### The High Cost of Promotion

**I**N THE razzle-dazzle world of trotting races, promotion and publicity cost a lot of money. New York State Harness Racing Commissioner George Monaghan whose job is to probe track costs announced just before presstime that Roosevelt Raceway spent at least \$699,000 for "entertainment, publicity and advertising" last year or 34% of net profit; neighbor Yonkers Raceway plunked down \$655,000 or 76% of 1957 net (at presstime 1958 figures were not available).



## METALS

### Foote Notes

**F**OREWARNED but with no desire to be forearmed, some 75 stockholders amiably gathered at Philadelphia's Barclay Hotel late last month for the 43rd annual meeting of lithium and manganese specialist Foote Mineral Company (IR, Oct 3, 1956 *et ant*). They were eager for the latest comments by chairman Gordon Chambers and president Anthony Bliss on effects of the imminent termination of a hefty contract to supply the AEC with lithium hydroxide.

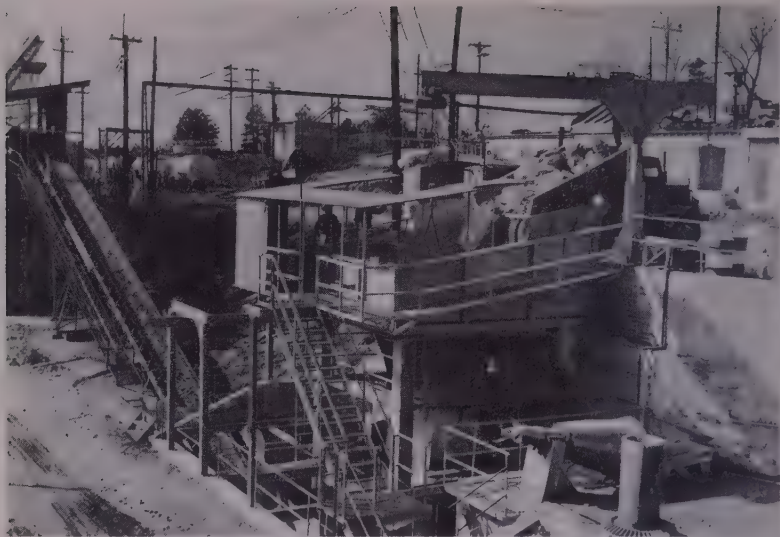
In October chairman Chambers had written shareowners: "Although tonnages of lithium hydroxide delivered to the Commission cannot be disclosed, deliveries are expected to be completed by May 1, 1959 since the Commission does not presently intend to negotiate for further supplies \* \* \* The present industrial markets for lithium hydroxide, while growing at a reasonable rate, do not currently justify operation of our lithium facilities at full capacity."

But the letter did not spell out dollar & cent results of the loss of the Government lithium market, believed to be a sizable portion of Foote's lithium business. Nor was there a precise answer at the meeting; Gordon Chambers explained the company was barred from revealing the proportion of lithium sales going to the Government or any similar information from which one would be able to deduce the tonnage of lithium purchased by the Commission.

But the chairman clarified the impact on Foote finances. In the first quarter Foote mined record results of \$7,180,000 sales *v* \$5,700,000 and profits of \$707,000 (56¢ a share) *v* \$497,000 (41¢). But then Gordon Chambers had to caution: "We anticipate a significant decrease in total sales and earnings in the last eight months of 1959." The company figures on full-year sales of around \$22,000,000 *v* \$24,500,000 in 1958. Without a hint at specific figures, Footemen merely concede "earnings will be reduced" from the \$2,144,000 or \$1.72 a share of last year.

Foote's other major product is electrolytic manganese which is heavily used as an alloy in making specialty steels. Last year demand was off. Aside from direct recession effects, some other alloying metals were more advantageously priced. However Foote feels manganese managed to establish its superiority over competitive metals for many alloy uses. With the steel snapback, manganese demand in the first quarter was equal to "virtually 100% of our production capacity." But near-term demand is again bound to soften since customers have been busily stockpiling supplies in anticipation of a Summer steel strike.

The new manganese slack will cause no serious problems however. President Bliss feels "we're now selling straight from the mill; we need a chance to build up our inventories a bit." Proof of Foote optimism: the company has scheduled further expansion of its electrolytic manga-



*Foote mineral on way to crusher*

nese facilities—the second such move in three years—to be completed by 1960. This would meet demand created by “the growing use of stainless steel and the acceptance of electrolytic manganese for use in specialty steels.”

**Later Market.** For the longer (five-to-ten year) term, Foote also forecasts a commercial lithium market which, it hopes, will tax present production facilities. Tony Bliss believes new applications for the metal and its compounds (a lithium-aluminum alloy for supersonic aircraft, new uses in organic chemistry and ceramics) could “dwarf some of the markets we heretofore have been so dependent on.”

In fact research director E M Kipp reports: “The backlog of worthwhile projects [for lithium applications] is growing at a far

greater rate than can be handled by our present R&D facilities.” Nor does Tony Bliss rule out the possibility the Government may someday rejoin the customer list. He states: “At some future date there will again be a need for Lithium-6 [an isotope reputedly used in the H-bomb program]. We will be a very strong candidate should that possibility arise.”

However for the nearer term, Foote will concentrate on drumming up bigger commercial markets for lithium and its other lines. It will also push two new ventures started in 1958.

With Hooker Chemical Corp, it set up jointly owned subsidiary HEF, Inc to produce ammonium perchlorate and possibly lithium perchlorate — both oxidizers for rockets and missile fuels. HEF be-



gan production in March but is not expected to contribute to earnings until next year, make any sizable impact for a few years.

Last July Foote signed a contract with Sheritt Gordon Mines Ltd, Canada's No 3 nickel producer, to act as exclusive sales agent for Sheritt's nickel and cobalt products in the US and Canada. Foote has been "very happy with this tie. By adding the sale of the Sheritt Gordon product list to ours, we can offer better service to customers in the metallurgical field."

**Commercial Pilot.** Late this this year or early next, Foote will decide whether to enter still another metals field—silicon. The company now operates a pure silicon pilot plant: "A few years ago a unit this size would have been called a commercial plant, now with the big demand for pure silicon for semiconductors and the like, it's a research facility." Tony Bliss added: "The specifications for the metal become more & more rigid at the same time the market potential keeps climbing. We'll get the feel of silicon, then decide whether or not to go into commercial production. We expect to take our place in a highly promising market."

President Bliss sums up: "We are entering an interim period of difficult problems." As the company does not believe in "penalizing long-term growth for short-term profits," comprehensive development expenses will be incurred despite the fact they will take a bite out of reduced earnings.

But able chairman Chambers re-

ports the company is in "excellent financial shape; the lithium facilities will all have been depreciated by expiration of the AEC contract." And looking ahead Tony Bliss adds confidently: "I personally believe we still have a rich legacy to come."

## FOODS

### Big Milk & Cheese Man

**L**AST WEEK 57-year-old John Huber Wetenhall was gradually working into his new job—president of National Dairy Products Corp, the nation's biggest milkman. A few weeks ago he succeeded 62-year-old Edward Ellsworth Stewart who was re-elected chairman and will remain chief executive officer. Huber Wetenhall started his National Dairy career 30 years ago, became president of the Sealtest operations in Milwaukee eight years later. In 1949 he took charge of the Midwestern milk and ice cream business, came to New York as vice president in 1952.

Now he is president of a complex with \$558,000,000 assets and a half billion dollar sales lead over No 2 milkman Borden. A couple of years ago National Dairy took over its principal domestic subsidiaries (Kraft Foods, Breyer Ice Cream, Southern Dairies) to operate them as divisions. This tighter corporate structure has meant greater efficiency and an appreciable tax saving.

Part of the \$58,000,000 earmarked for capital expenditures this year will be used to form an operations core in Glenview, Ill. A multi-million dollar central laboratory will



Wetenhall & stockholders

be built adjacent to an existing research facility. The latter will be remodeled into a pilot plant to test research ideas.

National Dairy is only 35 years old but last year had total sales of almost \$1.5 billion. In the first quarter of 1959 it boosted earnings to 70¢ a common share (v 65¢) on volume of \$363,000,000. At their last meeting directors increased the quarterly dividend a nickel to 50¢, payable June 10. The 13,900,000 Big Board-listed shares, after five years of trading within the 30-to-45 range, have pushed from last year's low of 38 to top the 50 mark for the highest price ever.

## A Happy Marriage

WELL-FED stockholders of Corn Products Company gathered in New York last week for their first annual meeting since last September's merger with Best Foods. Along with a sample carton of goodies they were served a fare of 1958 record earnings close to \$34,000,000 on sales of \$650,000,000.

William Thomas Brady, president of the new combine, addressed the group after morning coffee in the Statler's Penn-Top room: "Everything we had thought possible about the advantages of this merger has been confirmed. There are few [other] companies which have the natural compatibility of products, plants, policies and people so evident in our combined organization."

With integration of the two companies well underway, Corn Products plans to spend a record \$28,000,000 this year for worldwide expansion and upkeep. Another \$25,000,000 will be raised to advertise Nucoa margarine, Skippy peanut butter, Karo syrup, Mazola salad oil, etc.

Despite the "advantages," March quarter domestic results of 59¢ a share show a bare penny a share improvement over last year's pro forma results. Estimated worldwide earnings of 70¢ were just 2¢ better. Head chef Brady indicated profit margins should widen as the benefits of the merger show up in cost savings.

Perhaps in need of reassurance, the former shareholders of Best Foods asked to hear from their old chairman and president, Leonard



G Blumenschine. The newly re-elected board member told them confidently: "I see nothing but success for our company."

The common stock dilly-dallied around 30 from 1955 after a 3-for-1 split until early last year when it started to climb. Since the addition of Best Foods, it has gained 15 points, now trades on the Big Board at 55, an alltime high.

## AVIATION

### Grumman Polka

**I**N THESE DAYS of fancy designs, sophisticated birdwatchers might consider it only natural for a plane to sport a jaunty polka-dotted coat over fuselage and nacelles (see picture). However, in this case the seeming polka dots are no permanent decoration, merely tufted devices attached to check on airflow as Grumman Aircraft Engineering Corp flight-tests its new YAO-1 Mohawk over the home-dotted Long Island countryside.

But if it sets no new style in high

fashion, the Mohawk establishes several perhaps more important firsts. Foremost for diversification-anxious Grumman, it is this veteran Navy supplier's first Army order. A two-place observation plane powered by two Avco Lycoming engines, the Mohawk is also the Army's first turboprop. The stub-winged (42-foot span), triple-tailed craft is designed for short take-offs & landings from small, unimproved strips and for rugged ability "to live with the Army in the field." Following an initial \$32,000,000 contract for nine prototypes, Grumman this February received a \$22,000,000 order for 35 production-line Mohawks.

The new Mohawk business is but one of a series of important orders which swept Grumman's backlog up from the meager \$175,000,000 last December to "a little over \$400,000,000" at the end of the first quarter. Among the key orders were \$22,000,000 for S2F-3 anti-sub Trackers, \$93,000,000 for the new carrier-based, early warning W2F-1 turbo-

*Tufted Mohawk tests its wings*



prop and \$102,000,000 for the A2F-1 attack jet. Grumman also sold a dozen S2Fs to the Dutch Navy, tries to sell its F11F-1F Tigers to several NATO countries and Japan.

In addition it is busy on several subcontracts for Martin, Boeing, GE, Sperry, Thiokol and others. Grumman is also moderately active in missiles, works together with Bendix on development of the Navy's advanced air-to-air Eagle.

Along with new orders, the first quarter also brought better profits. Administrative vp E Clinton Towl told stockholders two weeks ago sales for the quarter were \$55-to-60,000,000 (*v* \$53,100,000) and profits around \$1,000,000 or roughly 45¢ a share (*v* 28¢). The earnings came after additional \$1,350,000 write-offs on the Gulfstream, Grumman's sleek, \$845,000 (plus interior, communications equipment and accessories) executive turbo-prop. Originally Grumman had hoped to have the development costs virtually written off by the end of 1958 but now Clinton Towl warned there would be another \$3,150,000 in Gulfstream write-offs during the remaining 1959 quarters to bring total development charges to \$17,600,000.

Grumman has tentatively sold about 40 Gulfstreams, is ready to start deliveries as soon as the plane receives final FAA certification (expected this month). It figures it needs 125-to-150 sales to break even. But president Leon Swirbul confidently maintains "we're over the rough spots \* \* \* This is not

a losing proposition." And even with the continuing write-offs, he expects sales & earnings for the rest of the year "should at least follow the first quarter pattern."

On this basis full-year results would come close to \$2 a share, a sharp improvement over last year's earnings of \$2,490,000 or \$1.13 a share and just about back to the \$2.38 a share level of 1957. It would also reverse a steep four-year profits dive though it would still be a long climb to the 1954 high of \$5.10 a share.

## SUGAR

### Fidel Serenade

**P**PROMPTLY at ten o'clock one morning last fortnight the gavel descended to open the day's trading on the New York Coffee & Sugar Exchange. It would have been an ordinary event, except that Cuba's Fidel Castro swung the hammer.

The floor of the exchange teemed with reporters and photographers trying to squeeze fresh news from the heavily bearded, heavily guarded visitor. Exchange members speculated whether the unpredictable prime minister would finally reveal his plans for the world's largest sugar producer.

But all they got was a good look at the revolutionary leader and the innocuous words: "We are very much interested in all matters regarding sugar. We'll do what's most useful for Cuba and for sugar."

Dr Castro's Treasury Minister Dr Rufo Lopez Fresquet, was an interesting contrast to his chief. Clean-shaven and immaculately tailored,





**Castro & finance minister in limelight, trading ring at back**

IR PHOTO BY TRICK

the debonair economist tossed this encouragement to an anxious sugar gathering: "Dr Castro has advised me not to say much but we are interested in having a higher price for our sugar."

It would seem that the mere presence of the Cuban leader in the US helped to revive the price of sugar. The No 4 or "world" contract has been wallowing at a 17-year low after a prolonged decline. This was mostly because of rumors Cuba would increase her crop and flood the world market at any price she could get. Dr Castro has shown reluctance to ratify the International Sugar Agreement which advocates limited production and marketing quotas dependent upon prices. Last week world sugar contracts rallied back to 2.98¢ a pound after hitting a low of 2.77¢ in mid-April. Current quotations are still far below the highs of over 8¢ in 1951 and 6½¢ in 1957.

The domestic contract (No 6) generally moves in sympathy with No 4 but is not as prone to wide

fluctuations since it is largely influenced by US Government quotas. For the same reason it sells about 2½¢ higher (250 points). Domestic prices climbed sharply last month, aided by a successful bid by "a leading Cuban operator" to temporarily corner the market. Currently domestic raws are trading at 5.75¢ a pound, up ½¢ from early April. There are trade reports of "important buying" by big users.

Whether or not the uptrend will continue remains uncrystallized. The only certainty: until Fidel Castro decides to speak, the eyes of world sugar traders are on the rebel premier.

## DRUGS

### Pfizer Frolic

**A**MIDST a bevy of Spring bonnets chairman-president John E McKeen opened the 110th annual meeting of Chas Pfizer & Company. Some 1,500 stockholders (mostly housewives) thronged the drug maker's Brooklyn plant to hear the jovial executive report on the



**3-year-old owner views exhibit**

company's health. Some highlights of his diagnosis:

- Last year brought new records in sales and earnings. "In many respects 1958 was the most successful year in our history: sales increased 7.5% to \$223,000,000 and earnings rose to \$4.43 a share from \$4.22 in 1957."

- However despite increased sales volume (\$60,547,000 v \$53,780,000) in the first quarter of this year earnings dropped 3¢ to \$1.17 a share. "The drop in first quarter profits is due to the continued low price of penicillin, streptomycin, steroids and vitamins plus the higher cost of labor and materials."

- In addition to producing peak earnings, 1958 also added to Pfizer dividend accomplishments. "For the eighth year in a row Pfizer raised its dividend. Our common

stock payments were increased from \$2.10 a share to \$2.25. This marks our 59th consecutive dividend year."

In line with the company's expansive feeling of fitness, directors had recommended a 3-for-1 stock split for stockholder approval. The holders promptly came through with their routine compliance.

After the meeting many stockholders toured the plant. Others viewed exhibits of company accomplishments, aided by hostesses costumed *a la* Pfizer's 1848 birth year (see picture).

Last year Pfizer introduced new drugs to provide new opportunity for more record shattering in the years ahead. Among those cited by John McKeen: Diabinese, a pill for the treatment of diabetes; Daricon and Enarax, new drugs for the soothing of peptic ulcers; Abminthic, a drug effective against a wide variety of worm diseases; Cosa-Tetracycline, Cosa-Terramycin and Cosa-Signemycin, fast acting anti-bacterial agents; TAO, an antibiotic derivative effective in combating some tough resistant germs; Niamid, a product being tested for the treatment of mental depression which the company hopes to introduce in the near future. President McKeen states: "Should Niamid prove successful—as we hope it will—Pfizer will make a valuable contribution to mental health."

Reflecting the company's radiant health and vigor, increased earnings, the stock split and new product developments, Pfizer common now sells at 129, seven points below its alltime high.

## **National of Detroit's Cheery Route**

**Michigan's Largest Bank  
Beats Auto City Slump  
With Expansion Program**

**S**OME GLOOMY headlines still appear above the dateline, Detroit. Auto production, though well above 1958 recession levels, has just the same not shifted into the same high gear as '55, '56 and '57. Unemployment persists. Less publicized is news of the well-heeled National Bank of Detroit, largest in the city and 13th in the nation, which even in recession-battered 1958 managed to boost its earnings and strengthen its stake in the future growth of Detroit.

Brought to life in 1933 by General Motors and the Reconstruction Finance Corp to take over the assets of the First National and the Guardian National, the National Bank of Detroit has drawn constantly less of its business from the auto industry. In this its experience is echoed by the city as a whole where non-automotive employment today constitutes 55% of all factory work against 48% in 1949-51. And while the bank looks to further auto growth, its brightest future may well be in the further expansion of Detroit's chemicals, drugs, machinery and office equipment industries.

As proof of its confidence the National Bank is making one of the biggest investments in the future of Detroit—a new 14-story, \$23,100,000 headquarters slated to open late this Summer in the midst of the city's river-front redevelopment area. Nearby are such magnificent

edifices as the City-County Building and the new Ford Auditorium.

National Bank president Henry Taylor Bodman calls the bank's expenditure "the first real chunk of dough put into downtown Detroit by a private corporation since 1929." He notes: "We've been a prime mover in pushing the development of greater Detroit through both suburban growth and revitalization of the downtown business area." Keenly aware the bank's own future is tied to hometown health, chairman Donald Francis Valley adds: "We like to think our move will stimulate others to take an active part in urban redevelopment." It already has in the case of Michigan Consolidated Gas which has followed with a 20-story office building.

**New Suite.** Both 60-year-old Don Valley and 53-year-old Harry (he only uses Henry on formal documents) Bodman will occupy their new executive suites just a little over a year after assuming their top jobs at National Bank. They were appointed in April 1958, two weeks after the death of former chairman-president Charles Fisher (IR, April 21, 1954) who had held the top post for 20 years. His successors are well prepared to carry on. Former officers of the Guardian National, they were taken over by the new bank in 1933.

By that time Don Valley already had quite a career behind him. A CPA, he was, at the tender age of 27, comptroller of Dodge Brothers before its merger into Chrysler. In



1928 he joined Ford's new auto financing subsidiary Universal Credit Corp as chief financial officer. Three years later he switched to the Guardian National as vice president, kept the same post at the National Bank until he moved up to executive vice president in 1953. His few leisure hours are spent fly fishing, upland game hunting, playing bridge and taking pictures, some of which adorn his office wall.

Native Detroiter Harry Bodman started at Guardian in 1928 after graduating with honors from Princeton (he was a math major). "Brought up on the investment side of the business," he worked up to National Bank vice president in charge of trust investments in 1942, general vice president in 1950.

**Know Your Bureaucrat.** In 1941 he went to Washington to serve in the Office of Production Management under former GM president William Knudsen. "I planned on six months but wound up staying on & off for eight years." Included were tours with the Army (he rose to colonel), the RFC and the Hoover Commission task force studying Federal lending agencies. "It's good for a private citizen to know how bureaucracy works," he says. "If we're going to fight it from without we should know how it operates from within."

His Washington experience has been particularly beneficial in his banking life since the National is careful to keep an eye on legislation, at times has a representative in both Washington and Lansing. Prexy Bodman intersperses banking

with golf (a former club champion, he now settles for the low 90s) and cruising on the Great Lakes with his octogenarian father.

Considering Detroit's up to 20% unemployment last year, Don Valley and Harry Bodman can be proud of the bank's 1958 performance. Income from loans was down a relatively modest 8% to \$33,600,000 and this was largely offset by an 8% rise to \$22,000,000 in the returns from the bank's substantial securities portfolio plus 9% greater income (reaching \$7,230,000) from trust operations, service charges and other sources. All told, gross operating income declined slightly to \$62,860,000 from \$63,470,000 but net operating earnings followed an opposite trend and rose for the twelfth consecutive year, this time to \$15,120,000 or \$4.73 a share from \$15,048,000 or \$4.70 (both figures adjusted for this February's stock dividend). The first 1959 quarter continued the slight improvement with earnings up to \$1.19 a share, one penny more than a year ago.

Don Valley gives one reason for the National's comfortable showing: "We do have a very substantial national business—about 8% of our [\$1.8 billion] total deposits—which helped our accounts to hold up awfully well during the recession." Deposits fell only 2% during 1958. However this was the third consecutive year to show a minor drop in this category and as of mid-March 1959 deposits were another \$20,000,000 below year-ago levels.

As to the major earning assets, Don Valley noted: "Our loans de-

clined moderately in the first half of 1958 but picked up to some extent by July and August so the drop was not too great for the year as a whole." Apart from the relatively steady \$130,000,000-plus in mortgages (which yield substantially more than business loans), the bank's loans slipped from \$575,000,000 to \$539,000,000 during 1958 but by this March had started to climb \$3,000,000 above the year-ago rate. Meantime the bank had boosted its holdings of non-Government securities by \$50,000,000 last year.

Suburban growth also helped the bank withstand the recession. Prior to 1951 the bank never had a branch office outside the city of Detroit itself. "Then we started putting up branches within the 25-mile limit allowed by state law which doubled our branches to 63 in eight years." Branch banking has been a smart move for the National. Since 1951 while city population has remained relatively static (1,900,000), the suburbs have gained 800,000. As a matter of fact Michigan ranks high among the faster growing states and the bank intends to continue to cash in on the suburban growth trend.

Newest branch is in an air conditioned double trailer opened last month at Kendallwood, 20 miles northwest of Detroit. Chairman Valley comments: "If you went and saw the site, you'd think we were optimists of the first order. But if anything our estimates for potential business which are based on traffic surveys, population moves and statistics provided by gas and electric



**National's Valley and Bodman**

companies usually turn out to be too conservative." When the population warrants, the bank will replace the trailer with a building and "we will move the trailer to fresh territory."

In the past the enterprising bank has opened branches in pre-fabricated garages and Quonset huts. This has often been necessary as well as practical. A state law prohibits branches in communities where an independent bank exists. This sometimes leads to a hectic race for the territory. To open in Livonia the National had to beat out a local group which was seeking a state charter for an independent bank. So National opened its branch the very next day after it received an OKay from the Comptroller of Currency. Harry Bodman recalls: "We sent a collapsed pre-fabricated building out on a truck with a two-way radio and started construction at 9:35 a.m. The group forming the

independent bank found out about it and opened up in the back of a newspaper office. By 12:15 we were in business legally and with drapes in the windows."

But the bank picks its territories carefully and despite its strong belief in branch banking Harry Bodman points out: "We have fewer branches per dollar of assets than any major bank in the city."

**Capital Care.** The bank's growth from \$216,000,000 total resources in 1933 to more than \$1.9 billion today forces "us to keep adding to our capital accounts not only through retained earnings but also by the sale of additional stock on three occasions since 1951." At the beginning of 1959 capital consisted of 2,897,000 shares of \$10 par. Surplus was \$90,000,000 and undivided profits \$29,000,000.

Don Valley recounts: "We wanted to increase our stated value so as to get more in line with what other banks have." Thus on January 20 stockholders approved a rather unusual "visible" and "invisible" stock dividend, which has been "well received." The invisible part: an increase in par value from \$10 to \$12.50 by putting \$7,240,000 of undivided profits into the common stock account. Visible: a 10.44% stock dividend and transfer of another \$3,780,000.

The National common now sells over the counter at 58, up from 1958's adjusted low of 42 but not quite up to the peak of 62 attained in 1955. However in the past ten years the stock has nearly tripled from the 1949 low of 21. Organizer

General Motors sold out its substantial holdings in 1945, a year the stock ranged between 27 and 22.

Don Valley says the \$2 annual cash dividend in effect since 1951 will again be maintained on the larger number of shares following the February stock dividend. Thus, as after the 1953 and 1955 stock distributions, investors will of course receive a larger total cash payout. He says: "We don't want to talk about any further dividend increases at the moment but we do expect as our capital grows the percentage of earnings retained can be a little less." Last year it paid out 38% of income.

Despite the gentle first quarter advance, 1959 earnings are expected to drop "slightly-to-modestly" because the bank last month increased by 1% the rate it pays on savings book accounts (now 2%) and certificates (3%). But this is expected to be temporary as experience in other cities has shown higher rates for savers usually produce an earnings increase later.

As for the longer term, the bank counts on the revitalization of downtown Detroit, the growth of the suburbs and the St Lawrence Seaway. Enthused Don Valley: "The Seaway will mean a great deal to the city's future. Already the bank is enlarging and expanding its international department to cope with increased business as it comes along. And we have some loans under discussion for privately financed docks and so forth." In short, the National expects to play a big part in a bright Detroit future.



## **Rock Island Road's Seaway Special**

**Sole Tracks to Strategic  
Chicago Harbor Schedule  
Profitable Prospects**

**W**HEN the Chicago, Rock Island & Pacific Railroad purchased the stock of Chicago's 19-mile Pullman Railroad (a connecting line owned by the old sleeping car outfit) for \$1,175,000 in 1949, it made a smart side acquisition. For another \$1,025,000 it bought 360 acres of land adjacent to the Pullman tracks.

Some of the property was sold to the Air Reduction Company in 1956. But among the Rock Island's remaining land are 93 acres adjoining city-owned Calumet Harbor which has become Chicago's deep water port on the newly opened St Lawrence Seaway. Thus the Rock Island is the only road with trackage to the strategic harbor.

With an eye for Seaway traffic the Rock Island spent \$1,000,000 last year to install modern facilities at its 97th Street and South Chicago yards which will serve the harbor. In addition it stands to get added business from the Chicago Regional Port District which has built its own tracks within the port to connect with the Rock Island. The railroad will also do the switching for the Port District on the latter's tracks.

Rival railroads have not been content to accede to the Rock Island's Seaway right of way. The Pennsylvania, New York Central, Illinois Central, Chicago, South Shore & South Bend (an electric line), Belt Railway of Chicago and Indiana Harbor Belt early in 1957 petitioned

the ICC for permission to build their own connection into Calumet Harbor. An ICC examiner last year recommended approval but the Rock Island appealed and the full Commission has yet to decide the case.

Whatever the outcome, the Rock Island will at least enjoy a headstart in serving the port which is currently undergoing expansion to meet the expected increase in Seaway traffic. The Seaway terminal is also counted on to entice new plants and other installations to the Calumet port area—which should further boost Rock Island's business.

**Upgrade Resumes.** While any sizable gains from the Seaway are a ways down the track, the 7,900-mile Rock Island is once again on the upgrade after several downhill years. Profits fell from the record \$25,900,000 (\$8.04 a share) in 1953 to \$17,000,000 (\$5.54) in 1955 to \$8,200,000 or \$2.81 a share last year, the lowest since the road's reorganization in 1947. Dividends were cut to \$1.60 last year *v* \$2.70 in 1956-57.

But the picture looks brighter this year. President Downing Jenks says "the net for the first quarter was about triple the like 1958 period;" to be specific, 64¢ *v* 23¢ a share. The Rock Island expects to gain added revenue from a number of factors and also benefit from more cost cutting and increased efficiency.

President Jenks also hopes "to cut the passenger deficit which last year came to \$18,900,000." The line dropped 11% of its passenger train mileage last year; nonetheless rev-

venues from passenger trains were higher in the first 1959 quarter since the road is wooing first class travelers with a 22% cut in parlor and sleeping car fares. In addition it hopes to win early ICC approval for a 20% commuter fare boost. Notes president Jenks: "If the increase is granted it would go a long way toward wiping out our commuter deficit [over \$1,000,000 last year]."

At the same time the Rock Island hopes to keep commuters happy with better service. It operates a number of lightweight Jet Rockets on its commuter lines. Two lightweight Aerotrains purchased from General Motors last November are also "working out well in Chicago suburban operations. The customers are really enthusiastic."

**Grain Run.** The Rock Island was able to boost freight car loadings 13% in the first quarter with March alone showing a 21% gain. Once primarily a granger railroad, the Rock Island still harvests about 20% of freight revenues from grain traffic and here the outlook is good. The bumper 1958 crop helped boost

business in the final quarter last year and the first period of 1959. The large amounts of grain which are still stored in the Midwest should continue to add to Rock Island carloadings this year.

Downing Jenks expects to reap a fine financial harvest again from the 1959 crops. "In most cases crops are expected to be as good as last year and in some cases we look for them to be even bigger." On the return trip, the road should benefit from the upturn in demand for building materials, oil, farm machinery, iron and steel products.

In recent years many factories have sprung up in Rock Island territory, play an increasingly important part in adding to the carrier's freight revenues. The line estimates new & old companies along its track spent over \$1.5 billion for new facilities and expanded equipment in 1949-57. Last year 292 more new plants and warehouses and 106 temporary installations were built in the territory at a cost of about \$217,000,000.

Another important tie in the Rock Island's business buildup has been

***Jet Rocket speeds Rock Island commuters***



piggyback operations. Begun in 1956, piggyback has "brought us a good deal of business we did not enjoy before." Railroader Jenks adds: "Our experience with Convert-A-Frate, our own piggyback container development, has been consistently good and is getting better all the time." The railroad is now developing a larger (24-foot v 17-foot) Convert-A-Frate container.

In another move to boost revenues the Rock Island last August pioneered a break in a traditional transport rivalry, teamed with No 1 US trucker Consolidated Freightways to offer through rail-truck service in the Midwest between 22 Rock Island and 50 Consolidated points. Beams Downing Jenks: "Our association with Consolidated impressed us enough so we have made an offer to any common carrier truck line in our [Chicago to the Rockies] territory to sit down with us and discuss joint rates and through billing."

With a happier future in prospect, president Jenks forecasts: "It is quite possible we will earn \$4 a share in 1959." And although he does not publish his schedule, the longer-term outlook may be more promising if the Rock Island gets its way with the Seaway.

If the Rock Island is equally successful in delivering expected revenue rises to the bottom line of the income statement, Wall Streeters think directors may liberalize the current 40¢ quarterly dividend rate, restore some of last year's cut. Hopefully the stock has risen on the Big Board from the 1958 low of 19 to a current 36.

## PAPER

### A Queen for Albemarle

**THE DIXIE QUEEN** will be crowned the first week in June in Roanoke Rapids, NC. The Queen is a brand new \$6,500,000 paper machine belonging to Albemarle Paper Manufacturing Company, a small (\$31,000,000 assets) but growing member of an industry which loves to give its big and expensive machines some fanciful names (witness Riegel's Carolina Belle—IR, Oct 29, 1958).

The new machine can turn out 425 tons of kraft paper a day. If & when supplementary driers are added, capacity will stretch to 575.

Kraft paper, the heavy brown paper used for grocery bags and wrapping of everything from packages to cement, is Albemarle's main product. But president Floyd D Gottwald says the company's aim is to carry its product "from the tree as far as possible to the ultimate consumer." In line with the 60-year-old Virginian's integration philosophy ("you know of course what a paper manufacturer means when he speaks of integration"), Albemarle owns timberland — though it still buys most of its supply, thus conserves much of its 200,000-acre holdings for later use. It also makes woodpulp, turns out filter and absorbent papers plus a variety of "converted" (finished) products like shopping bags, multiwall sacks, gummed strips and flame-resistant papers.

Recently Albemarle arranged for two new specialties. Under a license from Clupak (IR, April 15) it will start to produce stretchable paper



July 1. Also the company a few weeks ago bought Randolph Paper Box, a small Richmond company whose plant will be used by Albemarle to convert some of its kraft production into paper boxes.

Though founded in 1887, Albemarle's real growth only began in 1954. That year the company first realized the benefits of a 250-ton a day paper machine installed in 1953. Kraft production spurted 78% that year; by 1958 it was 128% above 1953.

Albemarle's biggest plant is in Roanoke Rapids, site of the two main paper-making machines and the pulp mill. The home office and several smaller plants are in Richmond. Two shopping bag plants are in Middletown, Ohio and Walden, NY.

The company's annual report is due momentarily but at IR's press-time president Gottwald would commit himself only to "a small percentage" above the previous year's net income which was \$1,920,000 or \$2.26 a share on sales of \$31,900,000.

When the Dixie Queen has been fitted into the operations of the company after what is described as a "reasonable shakedown period," Albemarle officials predict sales of

approximately \$50,000,000 and net profit of around \$3,800,000 or \$4.80 a share.

So far the public has a relatively small stake in Albemarle. The common is divided between 114,000 voting A and 626,000 non-voting B shares. Management controls well over one-third the combined issue including an overwhelming majority of the Class A voting stock. While the market supply is obviously limited, the B shares trade over-the-counter with recent quotations around 42 bid. This compares with 16 last year and an earlier high around 30 in 1956.

The rest of Albemarle's capital structure is also somewhat complex. Two large insurance companies hold some \$10,500,000 of first mortgage bonds plus about half the \$3,400,000 outstanding 5½% convertible subordinated debentures (they can be switched into Class B common at \$22 a share). In addition, there are \$350,000 term notes and three series (total: only 43,000 shares) of preferred stock.

Asked whether the company contemplates listing any of its securities in the near future, prexy Gottwald answers disarmingly: "We're enjoying too much being traded over-the-counter."

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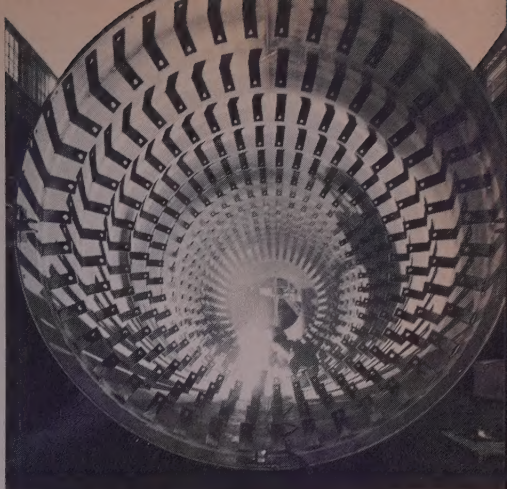
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## ALLIS INDUSTRY

The torch glow which lights up the weird patterns in this cement kiln also highlights an important but relatively little noted activity of Milwaukee's \$470,000,-000-assets Allis-Chalmers Manufacturing Company: general industrial equipment. This particular kiln—shown being welded by a worker at the company's West Allis, Wis plant—is destined for the Nashville facilities of Marquette Cement.



Though Allis-Chalmers is best known as the nation's No 3 maker of both farm machinery (after International Harvester, Deere) and electrical equipment (after GE, Westinghouse), it is also one of the largest manufacturers of industrial and construction machinery. Its catalog includes cement mills, ore beneficiation plants, motors, pumps, materials handling, construction and road building equipment, etc.

The influence of the industrial lines was seen in the slight drop in 1958 sales to \$532,000,000 from \$534,000,000 the year before. While the other (and substantially more important) lines did as well as or better than 1957, "sales of processing and general industrial equipment were materially lower \* \* \* because of less activity in the heavy industries."

Just the same Allis managed to increase 1958 profits 10% to \$19,-700,000 or \$2.34 a share to reverse the general downtrend profits had followed since 1950 when the company earned \$4.36 a share. The stock now trades around 30 on the Big Board, an almost 50% recovery from the four-year low of 20  $\frac{7}{8}$  reached in 1957 but still a ways below the 1955 postwar high of 40  $\frac{1}{2}$ .

This year got off to a slow start. Good January results were erased by a crippling strike which halted almost all production for the last two months of the first quarter. The strike sent sales down to \$84,100,000 from \$120,-000,000, left three-month results \$3,623,000 in the red v a \$2,307,000 profit last year. But order bookings for industrial and utility sales "stood at \$239,000,000 at the end of March, up from \$193,000,000 on December 31." President Robert Shutt Stevenson now notes many "factors point toward high production rates in the months to come" and hopes to "experience a continuation of better profit margins." Hence, "we like the possibilities for the balance of this year."

**This is a news and educational publication about financial and business matters. Articles are selected for their news or general interest and should not be considered a recommendation to buy or sell securities.**

## S.O.S.

In this sixtieth year of the Twentieth Century, there is a question in many people's minds and in many people's newspapers that is at once academic and non-academic.

The question is: Where are our institutions of higher learning going to get funds to continue and expand their work? Obviously, the question is academic because it pertains to colleges and universities. But it is not an academic question in the sense of being merely theoretical. The need for help is immediate and crying, and practical as well as moral support is needed.

Since education is a field in which everyone has a stake, there are many people who want to help. But often they do not know how much help they could give at how little cost to themselves—especially if they are owners of securities.

If you are in that position, we have a small booklet that we think might be of interest to you. It is called "Yours to Give," and it explains, briefly and clearly, how to give intelligently to the institution of your choice so that both the institution, as recipient, and you, as donor, enjoy the greatest possible advantage from the gift. If you would like one or more copies, just let us know. "Yours to Give" is ours to give.

To put it bluntly, it's worth remembering that you can't take it with you—and they can use it now.

Accepted as controlled  
circulation publication at  
POUGHKEEPSIE, N. Y.

U of I Library  
Chicago Undergraduate Div  
Navy Pier  
Chicago 11 Ill

Published by

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

70 PINE STREET • NEW YORK 5, N. Y.

Please send address changes to  
Western Printing Co., Poughkeepsie, N. Y.